
PRO RATA SUBSCRIPTION AND EXCESS SUBSCRIPTION OF RIGHTS ISSUE

1. INTRODUCTION

1.1. The Board of Directors (the "**Board**") of OUE Lippo Healthcare Limited (the "**Company**") refers to the following announcements made by the Company and First REIT Management Limited (the "**Manager**"), the manager of First Real Estate Investment Trust ("**First REIT**") and an associated company of the Company:

- (a) the announcement dated 28 December 2020 made by the Manager in relation to its intention to carry out a renounceable rights issue (the "**Rights Issue**") for the purposes of, among others, repaying part of the S\$400 million secured syndicated loan facilities provided by, among others, Oversea-Chinese Banking Corporation Limited to First REIT on 22 February 2018 (the "**Rights Issue Announcement**");
- (b) the announcement dated 28 December 2020 made by the Company, in relation to the Company's eligibility to and proposed participation in the Rights Issue (the "**Eligibility and Proposed Participation Announcement**"); and
- (c) the announcement dated 19 January 2021 made by the Manager in relation to the launch of a non-underwritten rights issue of 791,062,223 units in First REIT (the "**Rights Units**") to raise gross proceeds of approximately S\$158.2 million on a renounceable basis (the "**Launch Announcement**"),

(collectively, the "**Rights Announcements**")

1.2. Unless otherwise defined, capitalised terms used herein shall have the meanings ascribed to them in the Rights Announcements.

2. THE PROPOSED PARTICIPATION IN THE RIGHTS ISSUE AND IRREVOCABLE UNDERTAKING

2.1. As stated in the Launch Announcement, the Manager has launched the Rights Issue of 791,062,223 Rights Units at the issue price of S\$0.20 per Rights Unit ("**Issue Price**"), to raise gross proceeds of approximately S\$158.2 million, to eligible unitholders of First REIT ("**Unitholders**") and on a *pro rata* basis and on the basis of 98 Rights Units for every 100 existing Units held by Unitholders as at the record date for the Rights Issue, fractional entitlements to be disregarded.

2.2. The Company, through its wholly-owned subsidiary, OLH Healthcare Investments Pte. Ltd. ("**OH IPL**"), indirectly owns an aggregate interest in 83,593,683 units in First REIT ("**Units**"),

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representing approximately 10.36% of the total number of First REIT Units in issue¹ as at the date of this announcement.

The Company owns 100.0% of OUE LH (SEA) Pte. Ltd., which owns 100.0% of OUE LH (Singapore) Pte. Ltd., which owns 100.0% of OHIPL.

- 2.3. As stated in the Eligibility and Proposed Participation Announcement, to demonstrate support for First REIT and the Rights Issue, the Company has provided an irrevocable undertaking to the Manager (the "**OUE LH Undertaking**") in respect of the Rights Issue, that, among other things, the Company will procure OHIPL to, by the last day for acceptance and payment of the Rights Units accept, subscribe and pay in full for, its total provisional allotment of the Rights Units (the "**OHI Allotted Rights Units**").

The OHI Allotted Rights Units constitute OHIPL's *pro rata* entitlement in full under the Rights Issue.

3. THE OHI PRO RATA SUBSCRIPTION AND THE OHI EXCESS SUBSCRIPTION

- 3.1. In accordance with the OUE LH Undertaking, the Board wishes to announce that OHIPL has, on the date of this announcement, submitted its acceptance in respect of 81,921,809 Rights Units, being the OHI Allotted Rights Units, for an aggregate consideration of S\$16,384,361.80 (the "**OHI Pro Rata Subscription**").
- 3.2. In addition to the OHI Allotted Rights Units, OHIPL has also applied for 81,334,795 Excess Rights Units² (the "**OHI Excess Rights Units**"), for a maximum aggregate consideration of S\$16,266,959.00 (the "**OHI Excess Subscription**").
- 3.3. The maximum consideration payable by the Company in relation to the OHI Pro Rata Subscription and the OHI Excess Subscription is S\$32,651,320.80, which will be satisfied wholly in cash and funded by internal resources.
- 3.4. The OHI Excess Subscription is subject to the priority of allotment of the Excess Rights Units as set out in Paragraph 2.5.3 of the Launch Announcement. In particular, as stated in Paragraph 2.5.3 of the Launch Announcement, subject to the requirements of or otherwise waived by the SGX-ST, in the allotment of Excess Rights Units, preference will be given to the rounding of odd lots (if any), followed by allotment to Unitholders who are neither directors of the Manager nor Substantial Unitholders³. OHIPL being a Substantial Unitholder, holding approximately 10.36% of the total number of First REIT Units in issue as at the date of this announcement, therefore does not qualify for any priority preference.
- 3.5. Following completion of the Rights Issue, the maximum resultant OHIPL's unitholding in First REIT (taking into account allotment of the OHI Allotted Rights Units and assuming the allotment of all the OHI Excess Rights Units) will be 246,850,287 Units, representing approximately 15.44% of the total number of First REIT Units in issue post-completion of the Rights Issue⁴.

¹ Based on the total number of 807,206,351 Units in issue as at the date of this announcement.

² As defined in the Launch Announcement, "**Excess Rights Units**" means the Rights Units represented by the provisional allotments (A) of (i) Eligible Unitholders who decline, do not accept, and elect not to renounce or sell their Rights Entitlements under the Rights Issue (during the Rights Entitlements trading period prescribed by the SGX-ST) and/or (ii) Ineligible Unitholders which have not been sold during the Rights Entitlements trading period or (B) that have not been validly taken up by the original allottees, renounees of the Rights Entitlements or the purchasers of Rights Entitlements.

³ As defined in the Launch Announcement, "**Substantial Unitholder**" refers to a Unitholder with an interest in not less than 5.0% of all Units in issue.

⁴ Based on the maximum total number of 1,598,268,574 Units in issue immediately following completion of the Rights Issue.

- 3.6. The OHI Pro Rata Subscription and the OHI Excess Subscription are in the ordinary course of the Company's business, given that the Units are part of the Company's existing principal business and they do not change the risk profile of the Company. Accordingly, Chapter 10 of the SGX-ST Listing Manual Section B: Rules of Catalyst ("**Catalist Rules**") does not apply and the OHI Pro Rata Subscription and the OHI Excess Subscription are not subject to shareholders' approval.

4. **RATIONALE FOR THE OHI PRO RATA SUBSCRIPTION AND THE OHI EXCESS SUBSCRIPTION**

- 4.1. The Company believes that its investment in First REIT remains an integral component of the Company's three-pronged business strategy, with First REIT serving as a capital recycling platform allowing the Group to continue its growth strategy with an asset-light business model.
- 4.2. The Company therefore considers it in its interest to participate in the Rights Issue through the OHI Pro Rata Subscription and the OHI Excess Subscription to strengthen its position as a Sponsor of First REIT, taking into account the following factors⁵:
- (a) the Rights Issue at an Issue Price of S\$0.20 per Rights Unit, and as set out in the Rights Issue Announcement, represents a discount of (i) approximately 50.6% to the Closing Price of S\$0.405 per Unit on 24 December 2020, being the last trading day of the Units prior to the Rights Issue Announcement; (ii) approximately 33.3% to the theoretical ex-rights price of S\$0.30 per Unit; and (iii) approximately 44.4% to the *pro forma* net asset value per Unit after the completion of the Rights Issue, being S\$0.360 per Unit;
 - (b) the Rights Issue implies a high *pro forma*⁶ distributions per Unit yield ("**DPU Yield**"). As set out in the Rights Issue Announcement, the Rights Issue implies a DPU Yield of (i) approximately 13.0%, based on the Issue Price of S\$0.20 per Rights Unit; and (ii) approximately 8.5%, based on the theoretical ex-rights price of S\$0.31 per Unit, calculated based on the closing price on 23 December 2020, being the latest practicable date prior to the Rights Issue Announcement; and
 - (c) following completion of the Rights Issue and Proposed LPKR MLA Restructuring, First REIT is expected to have a sustainable and stable long-term master lease structure, with the weighted average lease expiry for its assets portfolio extended to 12.6 years⁷. This should allow First REIT to receive stable long-term rental income moving forward, which should in turn provide a stable and recurrent stream of income to the Company.

5. **FINANCIAL EFFECTS**

As stated in the Eligibility and Proposed Participation Announcement, as the OHI Allotted Rights Units constitute OHIPL's *pro rata* entitlement in full under the Rights Issue, the OHI Pro Rata Subscription is not expected to have a material impact on earnings per share ("**EPS**") and net tangible asset ("**NTA**") per share ("**Share**") of the Company and its subsidiaries (the "**Group**") in respect of the financial year ended 31 December 2020.

⁵ The financial information of the Rights Issue is extracted from the Rights Issue Announcement made by the Manager on behalf of First REIT.

⁶ For the Financial Year ending 31 December 2019 and assuming the MPU MLA Restructuring (as defined in the Rights Issue Announcement), the Proposed LPKR MLA Restructuring (as defined in the Rights Issue Announcement) and the Rights Issue were completed on 1 January 2019.

⁷ The information on the weighted average lease expiry for First REIT is extracted from the announcement dated 29 November 2020 made by the Manager on behalf of First REIT on the restructuring of its master leases.

The financial effects of the OHI Excess Subscription on the Group in respect of the financial year ended 31 December 2019 ("**FY 2019**") are set out below:

5.1. Assumptions

The *pro forma* financial effects of the OHI Excess Subscription on the Group presented below are purely for illustrative purposes only and do not reflect the actual financial effects or future financial performance and condition of the Company and/or the Group following completion of the OHI Excess Subscription.

The *pro forma* financial effects of the OHI Excess Subscription presented below have been prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2019 and on the following assumptions:

- (a) completion of the OHI Excess Subscription had taken place on 31 December 2019 for purposes of the financial effect on the NTA per Share;
- (b) completion of the OHI Excess Subscription had taken place on 1 January 2019 for purposes of the financial effect on the EPS;
- (c) the maximum amount of Rights Units, being 791,062,223 Units, have been issued in First REIT, resulting in a total number of 1,598,268,574 Units in issue in First REIT; and
- (d) OHIPL subscribed for 81,921,809 Rights Units, being the OHI Allotted Rights Units and 81,334,795 Excess Rights Units, being the OHI Excess Rights Units.

5.2. NTA per Share

	FY2019	
	Before the OHI Pro Rata Subscription and the OHI Excess Subscription	After the OHI Pro Rata Subscription and the OHI Excess Subscription
As at 31 December 2019		
NTA (S\$'000)	248,251	248,251
Number of Shares	4,443,129,206	4,443,129,206
NTA per Share (cents)	5.59	5.59

5.3. EPS

	FY2019	
	Before the OHI Pro Rata Subscription and the OHI Excess Subscription	After the OHI Pro Rata Subscription and the OHI Excess Subscription
As at 1 January 2019		
Profit/(loss) after tax attributable to Shareholders (S\$'000)	3,357	5,588
Weighted average number of Shares	4,443,129,206	4,443,129,206
EPS/(LPS) (cents)	0.076	0.126

6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors, controlling shareholders or substantial shareholders of the Company has any interest, direct or indirect, in the OHI Pro Rata Subscription and/or the OHI Excess Subscription, save for their respective shareholdings in the Company and the Manager and save as disclosed in the Rights Issue Announcement.

7. FURTHER ANNOUNCEMENTS AND CAUTIONARY STATEMENT

The Company will make further announcements, in compliance with the requirements of the Catalist Rules, as and when there are material developments in respect of the OHI Pro Rata Subscription, the OHI Excess Subscription and/or other matters contemplated by this announcement. Shareholders and potential investors of the Company should exercise caution when trading in the shares of the Company, as there is no certainty that the OHI Pro Rata Subscription and/or the OHI Excess Subscription will be completed. In the event of any doubt as to the action they should take, shareholders should consult their financial, tax, legal or other professional advisers.

8. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the acceptance and application form in respect of the OHI Allotted Rights Units and the OHI Excess Units will be made available for inspection during normal business hours at the registered office of the Company⁸ at 6 Shenton Way, #10-09A, OUE Downtown, Singapore 068809 for three (3) months from the date of this announcement.

By Order of the Board
OUE Lippo Healthcare Limited

Mr. Yet Kum Meng
Chief Executive Officer and Executive Director
10 February 2021

*This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**Exchange**") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.*

The contact person for the Sponsor is Ms. Gillian Goh, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg.

⁸ Prior appointment is required in light of the COVID-19 situation.